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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6804
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE IMMEDIATE
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PASS TO EB/ESC/TFS FOR BADKINS
NEA/ARP,IO/PSC FOR BFITZGERALD
TREASURY FOR DGLASER AND OFAC FOR RWERNER

E.O. 12958: DECL: 05/10/2017
TAGS: [EFIN](#) [KNNP](#) [PARM](#) [BA](#) [IR](#) [ECTRD](#) [REGION](#)
SUBJECT: BAHRAIN: IMPLEMENTATION OF ASSET FREEZE FOR BANK
SEPAH

REF: STATE 60238

Classified By: DCM Susan L. Ziadeh, reasons 1.4 (b) and (d).

¶1. (C) Pol/Econ Chief May 7 delivered reftel demarche concerning implementation of the asset freeze for Bank Sepah to MFA Assistant Under Secretary for Coordination and Follow Up Shaikh Abdul Aziz bin Mubarak Al Khalifa, emphasizing in particular Bank Sepah's self-reported relationship with Bahrain's Future Bank. Shaikh Abdul Aziz said that he would consult with other concerned entities, including the Central Bank of Bahrain, and provide what information he could on GOB steps to identify and freeze Bank Sepah assets in Bahrain.

¶2. (C) Central Bank of Bahrain (CBB) Superintendent of the Compliance Directorate Bushra Al Haddad told EconOff May 10 that the CBB was taking its review of the Bahraini banking system's exposure to Bank Sepah-related activity very seriously. Al Haddad, a reliable and knowledgeable Embassy contact, declined to offer specifics, explaining that she was unsure how much information she was cleared to share. "This is all being handled very carefully." She said the CBB's activity was being closely coordinated with the Ministry of Foreign Affairs and said formal, high-level correspondence was regularly being exchanged between the CBB and the Ministry on this subject.

¶3. (S) Al Haddad said the CBB had implemented the UNSCR 1747 asset freeze and had issued a circular to that effect. The CBB had discovered no Bank Sepah deposits in Bahrain's financial system. However, she said there appeared to be some institutions, possibly including Future Bank, that were holding notes on Bank Sepah-related loans. "People are concerned over the prospect of not being able to recover their assets."

¶4. (U) Post will continue to pursue specific answers to reftel questions at a more senior level within the GOB and report subsequent responses soonest.

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